

## **REQUEST FOR APPROVAL**

**To:** Mark Leary  
Deputy Director

**From:** Jeff Hunts  
Electronic Waste Recycling Program Manager

**Request Date:** November 18, 2010

**Decision Subject:** Covered Electronic Waste Recycling Net Cost Reports

**Action By:** December 15, 2010

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**Summary of Request:** The Covered Electronic Waste (CEW) Recovery and Recycling Payment System, established pursuant to the Electronic Waste Recycling Act of 2003 (SB 20, Sher), as amended, is intended to pay for the average net cost of collecting and recycling CEW discarded by California sources. The Department of Resources Recycling and Recovery (CalRecycle), in collaboration with the Department of Toxic Substances Control, is required by statute (Public Resources Code sections 42477 and 42478) to establish payment rates for both the recovery and recycling of CEW.

Regulations adopted to implement the payment system required that approved collectors and recyclers submit annual Net Cost Reports documenting costs of operation in 2005 and 2006 to assist in calculating and determining the recovery and recycling payment rates. Triggering this reporting requirement in subsequent years requires an annual determination by CalRecycle. This request seeks a determination that the Net Cost Reports be required from approved participants in the payment system, documenting operational costs during 2010. These reports would be due to CalRecycle on or before March 1, 2011.

Information contained in this cycle of Net Cost Reports will be evaluated and will complement data and information secured through previous reporting cycles. This information will then be available for use by CalRecycle as it considers industry economic trends, and whether and how to adjust recovery and recycling payment rates in 2012, as currently allowed by statute.

**Additional Information:** Due to the heterogeneous nature of the covered electronic waste stream, the dynamic and volatile nature of global material markets, the continually evolving composition of California's electronic waste management industry, and the obligation to set recovery and recycling payment rates based on industry costs, it is imperative that CalRecycle obtain and analyze timely information and data regarding the costs of recovering and recycling covered electronic waste. Although CalRecycle does not possess the statutory authority to make adjustments to recovery and recycling payment rates in 2011, continuity of data that allows for better analysis and trend identification will be useful in 2012 when rates may be adjusted, if warranted.

Program staff anticipates implementing new data management capability for the upcoming Net Cost Report cycle, assuming that reports are required, which will allow participating collectors and recycler to submit required cost data directly online, ensuring timely receipt of reports, error reduction, and expanded opportunities for data analysis. Such online reporting capabilities are a first step toward increased electronic data management within the covered electronic waste recycling payment system as a whole, including online management of source documentation, transfer documentation, and processing documentation in the support of recycling payment claims.

**Recommendation:** Staff recommends that all participating covered electronic waste collectors and recyclers be directed to prepare and submit Net Cost Reports covering operations during 2010.

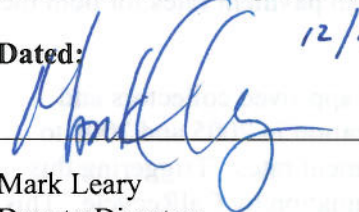
Upon approval of this recommendation, staff will notify participating collectors and recyclers that Net Cost Reports be prepared and submitted pursuant to Title 14 of the California Code of Regulations, section 18660.10.

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**Director Action:** On the basis of the information, analysis, and findings in this Request for Approval, I hereby approve the staff recommendation outlined above that all approved collectors and recyclers in the covered electronic waste recovery and recycling payment system be required to prepare and submit Net Cost Reports and, through my delegated authority, so determine and direct that this occur pursuant to Title 14 of the California Code of Regulations, section 18660.10

**Dated:**

12/15/2010

  
Mark Leary  
Deputy Director

**Attachments:** N/A